

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 7069

BILL NUMBER: HB 1267

DATE PREPARED: Dec 27, 2000

BILL AMENDED:

SUBJECT: Credit Card Payments to Public Safety Agencies.

FISCAL ANALYST: Chris Baker

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FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: This bill allows the Fire and Building Services Department to accept payment by credit card for certifications, licenses, and fees, and for other amounts payable to the Fire and Building Services Department, the State Emergency Management Agency, the Public Safety Institute, the Fire Prevention and Building Safety Commission, the Regulated Amusement Device Safety Board, the Boiler and Pressure Vessel Rules Board, the Emergency Management, Fire and Building Services, and Public Safety Training Foundation, the Office of the State Fire Marshal, or the Office of the State Building Commissioner.

Effective Date: July 1, 2001.

Explanation of State Expenditures: The revenue collected by the entities listed above for certificates, fees, and licenses was approximately \$6 M in FY 2000. If 11% of this revenue were to be paid by credit cards and a vendor processing fee of 1.8% applied (as has been the experience of the BMV), General Fund expenses could increase due to vendor fees charged to the Fire and Building Services Department. With potential use of credit cards similar to the BMV experience, this bill could increase expenditures by \$12,061.

Background: The Bureau of Motor Vehicles (BMV), Department of Natural Resources (DNR), and the Department of State Revenue (DOR) currently accept credit card payments. The BMV and the DNR accept Visa, MasterCard, and Discover card. The DOR accepts Discover card for personal income tax payments and Visa and MasterCard for late tax payments.

A vendor fee is generally part of the negotiated contract. The vendors' fees incurred by the DNR and the DOR (for late tax payments) are paid from the balance in the state treasury. For FY 2000, approximately \$15,806 was paid monthly in vendor fees for the DNR and DOR. (Individuals who pay their personal income taxes with the Discover card are directly charged a fee by Discover card and a vendor fee is not paid by the DOR.) The DOR experienced credit card payments of \$16.3 M out of \$10.6 B in total revenues for tax year 1999.

Unlike the DNR and the DOR, the BMV pays the vendor fees. The vendor fees paid by the BMV are a percentage (approximately 1.8%) of the credit card charges made to the BMV. In the first 6 months of CY 2000, BMV paid approximately \$1.5 M in vendor fees (\$1.4 M to Star Financial for Visa and MasterCard; \$133,135 to Novus Services for Discover card).

Explanation of State Revenues: The use of credit cards is not expected to increase the amount of revenue which is collected from certifications, licenses, and fees but will increase the ease of making the payments for the individuals.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Fire and Building Services Department.

Local Agencies Affected:

Information Sources: Kim Logan, State Treasurer's Office, (317) 233-0921; Jane Morrical, Bureau of Motor Vehicles, (317) 232-2822; Arden Chilcote, Department of State Revenue, (317) 232-8022.